

7/8: e-mail to KAM/PM/DM/AM: All Sheets Unit

cc: S. SHEET 162201

FSC-115-B	7/1/98	
SUBJECT: Forsyth Labor Day 1998 Wholesale Promotion		
Response Required? <input checked="" type="checkbox"/> Yes		
Date Required: <u>July 24, 1998 - Return Promotion Allocation</u> <u>Sheets to Customer Services</u>		
DISTRIBUTION:		
<input checked="" type="checkbox"/> AVP	<input checked="" type="checkbox"/> KAM	<input checked="" type="checkbox"/> DM
<input checked="" type="checkbox"/> RSM	<input checked="" type="checkbox"/> AM	<input checked="" type="checkbox"/> RM
<input checked="" type="checkbox"/> RBM	<input checked="" type="checkbox"/> AE	<input type="checkbox"/> Sales Rep
<input checked="" type="checkbox"/> ROM		<input type="checkbox"/> Retail Rep

G. BARN 162302

M. TSINGER 162303

J. McLEAN

R. TANCHYK

H. BATTLE

S. SCHWALM

K. JORGENSEN

R. DOSZYNSKI

A. ZECCA

LORI

**Objective:** Announce and explain Forsyth's Labor Day 1998 Wholesale Promotion.

7-7-98

**Purpose:**

- Promote Forsyth Products in Forsyth contracted Wholesale Accounts during anticipated heavy discounting period by competitive savings brands.
- Labor Day Promotion is designed to protect its present volume base and, at the same time, gain incremental volume for our Forsyth Private Label Contracted Wholesale Partners.

**Promotion Timing:** August 10 - September 4, 1998. Forsyth contracted Wholesale Account must fully participate for the four week period of August 10- September 4 since competitive Branded Savings will be promoted at this time. Please make every attempt to line up your wholesalers to promote during this time. Note: If, for some reason, your Wholesale Account cannot promote their Forsyth brand during this period, the account may work the Labor Day Promotion in a four-week period (consecutive weeks) prior to October 2, 1998.

**Eligible Participants:** Contracted Forsyth Private Label Wholesale Partners.

**Promotion Intent:** Reduce Forsyth brands' retail selling price by \$1.00-\$1.50 per carton/\$.10-\$.15 per pack below its everyday retail price for 4.4 weeks (targeted time period August 10-September 4) giving it a \$3.50-\$4.00 per carton spread versus non-promoted Branded Savings price (assumes a minimum of \$2.50 per carton off-invoice plus \$1.00-\$1.50 buydown = \$3.50-\$4.00).

**Promotion Details:** Forsyth Tobacco Products will support the Labor Day Promotion by adding \$.50 per carton to participating contracted Wholesale Account's Alliance Accrual Fund if Account agrees to match from its existing Alliance Accrual balance at an additional \$.50 or \$1.00 per carton. Forsyth's contribution is based on an average of 4 weeks' volume calculated on shipments to direct accounts for the 13-week timeframe of March 1998 to May 1998.

#### 1. \$.50 Contracted Wholesale Partner Match

A contracted Wholesale Account that has less than 4 months of accrual in its Alliance Accrual Fund as noted on its allocation sheet (example, Attachment I), based on an average accrual rate of \$.55 per carton, may match at the minimum of \$.50 rate (Forsyth commits \$.50 plus Wholesale Partner commits \$.50 equals \$1.00 reduction). Even if a Wholesale Account has no money in its Alliance Accrual Fund, it can participate based on either of the following reasons:

- A Forsyth contracted Wholesale Partner can participate based on the accrual that will be earned on the promoted product sold.
- If a Forsyth contracted Wholesale Partner has changed its off-invoice status after July 1, 1998, to \$3.00 or \$3.05 and does not have existing accrual funds necessary to match our \$.50 contribution, it may participate in the promotion without matching if it uses all monies in reducing everyday pricing.

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## 2. \$1.00 Contracted Partner Match

A contracted **Wholesale** Account that has 4 months or more of accrual in its Alliance Accrual Fund, as identified on its allocation sheet, must match our \$.50 contribution with a minimum of \$1.00 from its accrual. Three reasons for this are:

- \$1.50 incremental buydowns or \$4.00 total below the non-promoted Branded Savings price is better due to anticipated Branded Savings promotional rates during this timeframe.
- If the Account has additional Alliance Accrual monies available and the marketplace calls for even higher discount rates on Forsyth Private Label, you may request the contracted **Wholesale** Account contribute more than \$1.00 per carton from its fund. The best scenario during this promotion period is to ensure our Private label maintains a \$1.00-\$1.30 price gap versus promoted competitive Branded Savings.
- At a time when our Private Label volume is being challenged, it does neither the Partner nor Forsyth any good to be sitting on excess Accrual funds. We should make every attempt to gain 100% participation in contracted **Wholesale** Accounts, reiterating Forsyth's continued commitment to our Private Label **Wholesale** customers.

### Promotion Allocation Sheets:

ROU's are scheduled to receive Promotion Allocation sheets via Airborne on Wednesday, July 1, 1998. ROU's to disseminate Promotion Allocation sheets to appropriate personnel (will be directed to the ROM).

If you receive an allocation sheet for a **Wholesale** Account for which you do not have responsibility, forward immediately to the proper person, making the necessary Account Manager name and Division changes on the Promotion Allocation sheet. When the Account Manager with responsibility for this account returns the form to Customer Services, proper updates will be made.

### Administration Requirements:

- Once you receive participation commitment from the contracted **Wholesale** Account, sign the Promotion Allocation sheet, date and fax to Customer Services at (336) 741-2156. All Promotion Allocation sheets should be returned by July 24, 1998.
- At that time, Customer Services will place the promotion allowance funds into the contracted **Wholesale** Account's Alliance Accrual Fund.
- Once the promotion is completed and verification of the program's success has been confirmed, you should request these funds along with the contracted **Wholesale** Partner's match portion (if applicable) from the fund to reimburse the contracted **Wholesale** Account.

### Product Lead Times:

Please keep in mind that any incremental product forceouts to support this promotion usually require a four-week leadtime to ensure adequate inventory levels in public warehouses.

- Distribution will do its best to ensure that adequate inventories are available in our public warehouses when given proper notice.
- Complete Attachment II entitled "Product Purchase Exceptions" (available in F-3Fill under Forsyth Tobacco Order Forms) and send to Customer Services to cover those needs as soon as July 10, 1998, if possible.

**Display and POS:**

- Every attempt should be made to supply POS and displays to your respective wholesalers so they will be able to distribute the necessary support materials to those accounts receiving the additional dollars during this promotion.
- In communicating price, you should utilize Forsyth pricing POS and show the discounted amount and special price.
  - Example:   Everyday Low Price \$1.29. Price communication should show you save \$.15.  
                  Special price \$1.14.

**Retail Contracted Accounts:**

This promotion is being offered to our contracted **Wholesale Accounts** only. You should, however, schedule with your Plan A retail contracted Private Label accounts a promotion during the same timeframe using the additional \$.35 per carton accrual earned on each carton for July, August and September. In doing so, you should be able to run a minimum \$1.00 off per carton promotion for the Labor Day Promotion.

Program Contacts:   Your Region Business Manager  
                          Your Area Manager of Operations  
                          Your Area Manager of Finance  
                          Mike Moore, extension #2858  
                          Gwen Scott, extension #3340

Forsyth Tobacco Products  
A Division of RJRT

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Forsyth Labor Day 1998 Wholesale Promotion Allocation

**(Example Only)**

Account Manager: J. Doe

Division: #7555

<u>CS Acct. No.</u>	<u>Account Name</u>	<u>Brand</u>	<u>4 Weeks Vol.</u> <u>(Cartons)</u>	<u>4 Wks. x \$0.50</u> <u>Promo. Allowance</u> <u>SEP 1998 Period</u>	<u>Existing</u> <u>Alliance</u> <u>Accrual</u> <u>Thru 6/30/98</u>	<u>Months of</u> <u>Accrual</u> <u>Balance at</u> <u>\$ .55 Ctn.</u>
999999	R. J.'s Tobacco & Candy	XYZ	2,376	\$1,188	\$4,387.70	3

Note: This account has less than 4 months of accrual in its Alliance Accrual Fund and would match our \$.50 contribution with \$.50 per carton of its own (\$1.00 total).

Signature: J. Doe Div. #: 7777 Date: 7/17/98

RJR Account Manager: J. Doe

Print Name

Fax to Customer Services (336) 741-2156.

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### Who we can Contact if we Have Questions?

**Is This a Chain, Wholesaler or Division Wide Promotion?**

RJR Contact Name

RJR Contact Phone #

Chain Name

Chain ID

OT Wholesaler Name

Wholesaler Account #

Or Division # (if Division wide)

Describe the promotion with specific value, if known (Example: buy-down, accrual dollars, special pre-booking, etc.):

Forsyth "3rd Quarter 1998" promotion

### Promotion Timing

Promotion Start

Promotion End

**How will Retailer Purchase from Wholesale supplier? (Check one)**

Once at beginning of promotion

Spread evenly over whole period

Other (specify in Comments section below)

Where will the promotion occur (specific Wholesaler, specific Warehouse, or Division wide), for which brand styles, and what is the total extra volume by style needed for the entire activity period (in cases or % increase expected):

[illegible]

Comments/Special Instructions:

**Direct questions as follows:**

- Sales Area 1 to Donna Smitherman (336-741-3078)
- Sales Area 2 to LuAnn Hamby (336-741-3521)
- Sales Area 5 and 6 to Charlotte Clubb (336-741-3529)

**FAX this form as follows:**

- Sales Area 1 to Donna Smitherman (336-741-2156)
- Sales Area 2 to LuAnn Hamby (336-741-2156)
- Sales Areas 5 and 6 to Charlotte Clubb (336-741-2156)